

**AGENDA MEMORANDUM**

To: Mayor Bruce Adams and the Board of Trustees

From: Mark A. Pries, Finance Director/Treasurer

Date: December 1, 2015

RE: September, 2015 Treasurer's Report Analysis

General Fund Summary

The five month budget comparison report shows the deficit in the General Fund with a substantial improvement of \$603,885. In July, the deficit was \$1.63 million, in August it was \$1.62 million and in September it was \$1.02 million. The Village received a large property tax distribution in September which improved the financial picture of the Village. September was the first month where Income Tax monies received applied to FY 15-16 since the State continues to be at a 4 month lag in paying when it should only be a 2 month lag. Receipts of Sales, Local Use and Income Taxes as well as other miscellaneous revenues realized in May, June and July applied to the prior fiscal year totaled \$2,181,211. Applying these receipts against the five month deficit in the General Fund of \$1,017,163 yields a surplus of \$1,164,048 so it is important to remember the lag in receiving revenues in the General Fund has the largest impact at the start of each fiscal year. As the fiscal year progresses, the deficit in the General Fund will transition into a surplus as long as all unforeseen financial challenges remain manageable.

Expenditures

At the five month time period, expenditures are expected to be at a 41.7% level on a straight-line basis. However, level spending throughout the year seldom happens. There are three areas in the General Fund that are materially higher spent than 41.7% and those are the Board of Trustees, Public Benefit and Police areas. The Board of Trustees is due to the IML Conference not being budgeted in FY 15-16; however, a budget amendment will address this issue. The Public Benefit area is over budget due to a timing issue; Police and Fire Pension contributions are recognized in Public Benefit and since the Village has received about 96% of its budgeted property tax revenues through September, this incurred the Village's pension funds contribution expenditure. Property taxes are the funding source of the Village's contribution to the pension funds. Lastly, the Police department is slightly over budget due to the fact 11 of 26 payrolls had been incurred through September. Personnel costs are the largest component of the Police department's budget.

Half of the remaining funds are at or under budget. The Retirement Separation, Rt. 50 TIF, MFT and Fire Pension Funds are all over budget. The Retirement Separation Fund is at 151.74% spent due to the retirements of Chief Coy and Administrator Dickens. However, Administrator Dickens retirement was not known until late-May so it was not factored into the FY 15-16 Budget whereas

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Chief Coy's retirement was known and was included in the budget. The Rt. 50 TIF Fund is at 63.98% expended due to the receipt of incremental property taxes. The Village remits 85% of the property tax increment received in the Rt. 50 TIF district to Amalgamated Bank - the Village's fiscal trustee - in order to properly fund the debt obligations of the TIF. The MFT Fund is a timing issue since the program typically runs during late summer to early fall. The Fire Pension Fund is over budget due to a former employee requesting and receiving their contributions to the Fire Pension Fund as a refund. This former employee was not vested in their pension so they are entitled to receive a refund of the contributions they made to the Fire Pension Fund. The contributions made by the Village on behalf of this former employee remain in the Fire Pension Fund.

Revenues

On the revenue side, since all Income, Sales and Local Use taxes through July applied to FY 14-15, the General Administration area of the General Fund budget is low. However, it did receive its first Income Taxes in September so this influx of revenue will start to improve the General Fund's revenue picture. Unfortunately, the Village has not been receiving Local Use Taxes since August - again because of the State's budget mess - so this is about \$25,000 per month the Village will be waiting for the State to release once it decides to do so. Other General Fund departments - Village Clerk, Public Works and Building Standards - are doing better than budget with all other areas of the General Fund and most other funds running as expected.

The Motor Fuel Tax Fund last received a monthly allotment in July so this fund will appear to be lagging on the revenue side. This is again due to the State's budget situation and we have been promised all monthly allotments once the budget is approved.

The Police Pension Fund's financial snapshot at the end of September improved but this was due mostly to property tax receipts. The market value of its portfolio suffered another significant loss, moving its market value activity further into a negative position for the fiscal year. However, October saw a massive change in market value appreciation, bringing the fund back into a much better position. It is important to remember that the pension funds' activity should be viewed as a marathon and not a sprint. Over the long-term, they have performed well and the financial market volatility of 2015 is a small impact when the funds are viewed in their entirety.

Sewer Fund Summary

As of the end of September, the Sewer Fund ran a deficit of \$93,337, which is considerably better than the August deficit of \$279,967. The fund's cash on hand was \$425,100 at the end of September, up from \$366,726 at the end of August. The reason for these two increases was the receipt of property taxes. Revenues for sewer service were lower than expected in September by \$92,052 with expenses being under budget by 4.6% or \$154,223. However, depreciation expense has yet to be booked and will have a significant impact on the fund's financial operations. Depreciation is booked at the 6-month and 12-month periods. Staff will continue to monitor the fund's activity and report it to the Board.

If any members of the Board have any questions about this or any other fiscal matter for the Village, please contact me at your convenience. Thank you.

VILLAGE OF BRADLEY
Fiscal Year 15/16 Budget

FIVE MONTH BUDGET COMPARISON

<u>REVENUES</u>	<u>FY 15/16 FIVE MONTH ACTUAL</u>	<u>FY 15/16 BUDGET</u>	<u>PERCENT COLLECTED</u>
General Corporate Fund			
General Administration	3,594,889	11,000,913	32.68%
Village President	3,300	60,825	5.43%
Village Clerk	29,003	21,650	133.96%
Public Benefit	3,933	19,000	20.70%
Police Department	126,196	386,850	32.62%
Fire Department	164,943	475,250	34.71%
Public Property	6,000	15,550	38.59%
Public Works	5,781	6,250	92.49%
Building Standards	<u>103,652</u>	<u>196,500</u>	52.75%
Totals	4,037,696	12,182,788	33.14%
Capital Projects Fund	8,833	367,170	2.41%
Retirement Separation Fund	59	250	23.65%
Retirement Insurance Fund	492	425,700	0.12%
Revolving Loan Fund	4,257	10,591	40.19%
Rt. 50 TIF	1,077,517	1,001,100	107.63%
Motor Fuel Tax Fund	75,987	459,449	16.54%
Police Pension Fund	284,537	1,568,875	18.14%
Fire Pension Fund	89,880	124,717	72.07%
Sewer Fund	<u>1,166,524</u>	<u>2,784,149</u>	41.90%
Total Fund Revenues	6,745,783	18,924,789	35.65%

VILLAGE OF BRADLEY
Fiscal Year 15/16 Budget

FIVE MONTH BUDGET COMPARISON

<u>EXPENDITURES</u>	<u>FY 15/16 FIVE MONTH ACTUAL</u>	<u>FY 15/16 BUDGET</u>	<u>PERCENT EXPENDED</u>
General Corporate Fund			
General Administration	147,684	604,300	24.44%
Benefits	83,057	277,861	29.89%
Board of Trustees	15,376	32,108	47.89%
Village President	8,309	26,542	31.31%
Village Administrator	61,888	174,314	35.50%
Legal	119,488	291,509	40.99%
Village Clerk	5,594	21,753	25.72%
Village Treasurer	71,710	183,475	39.08%
Public Benefit	914,492	1,066,855	85.72%
Police Department	2,178,802	4,957,995	43.95%
Fire and Police Commission	1,103	16,767	6.58%
Fire Department	448,304	1,377,324	32.55%
Public Works	678,418	1,747,795	38.82%
Building Standards	258,368	706,650	36.56%
Economic Incentive/Development	0	14,000	0.00%
Information Technology	<u>62,265</u>	<u>158,703</u>	39.23%
Department Totals	5,054,860	11,657,951	43.36%
Transfer - Retirement Insurance Fund	<u>0</u>	<u>425,000</u>	0.00%
Total General Fund	5,054,860	12,082,951	41.83%
Capital Projects Fund	60,983	450,170	13.55%
Retirement Separation Fund	138,087	91,000	151.74%
Retirement Insurance Fund	125,197	298,414	41.95%
Rt. 50 TIF	921,289	1,439,880	63.98%
Motor Fuel Tax Fund	365,817	414,000	88.36%
Police Pension Fund	387,701	1,010,933	38.35%
Fire Pension Fund	37,998	7,775	488.72%
Sewer Fund	<u>1,259,861</u>	<u>3,391,089</u>	37.15%
Total Fund Expenditures	8,351,791	19,186,212	43.53%

VILLAGE OF BRADLEY
Fiscal Year 15/16 Budget

FUND BALANCE ANALYSIS AT 9/30/2015

FUND BALANCE	Beginning Fund Balance	Fiscal Year Activity	Ending Fund Balance
General Corporate Fund	7,153,532		
Revenues		4,037,696	
Expenditures		<u>5,054,860</u>	
Net Activity		(1,017,163)	6,136,369
Capital Projects Fund	149,719		
Revenues		8,833	
Expenditures		<u>60,983</u>	
Net Activity		(52,150)	97,570
Retirement Separation Fund	347,824		
Revenues		59	
Expenditures		<u>138,087</u>	
Net Activity		(138,028)	209,796
Retirement Insurance Fund	2,073,229		
Revenues		492	
Expenditures		<u>125,197</u>	
Net Activity		(124,704)	1,948,524
Revolving Loan Fund	1,926,497		
Revenues		4,257	
Expenditures		<u>0</u>	
Net Activity		4,257	1,930,754
Rt. 50 TIF	1,558,651		
Revenues		1,077,517	
Expenditures		<u>921,289</u>	
Net Activity		156,228	1,714,879
Motor Fuel Tax Fund	564,084		
Revenues		75,987	
Expenditures		<u>365,817</u>	
Net Activity		(289,829)	274,255
Police Pension Fund	14,428,050		
Revenues		284,537	
Expenditures		<u>387,701</u>	
Net Activity		(103,165)	14,324,885
Fire Pension Fund	640,281		
Revenues		89,880	
Expenditures		<u>37,998</u>	
Net Activity		51,882	692,164
Sewer Fund	1,935,544		
Revenues		1,166,524	
Expenses		<u>1,259,861</u>	
Net Activity		(93,337)	1,842,207